

PUBLIC DISCLOSURE

APRIL 23, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FRAMINGHAM CO-OPERATIVE BANK

CERT #26395

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Division of Banks

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution.

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Framingham Co-operative Bank (the “Bank”)** prepared by the Division and the FDIC, the institution's supervisory agencies, as of **April 23, 2012**. The agencies evaluate performance in the assessment area as defined by the institution, rather than individual branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC’s Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Lending Test:

The institution is rated “**Satisfactory**” under the Lending Test. This rating is supported by the following summary of results:

Loan-to-Deposit Ratio

Framingham Co-operative Bank’s loan-to-deposit ratio is more than reasonable given the institution’s size, financial condition, and credit needs within the assessment area. The Bank’s average net loan-to-deposit ratio since the prior CRA evaluation as of February 12, 2009 was 95.6 percent. The Bank’s net loan-to-deposit ratio as of December 31, 2011 was 103.5 percent.

Assessment Area Concentration

A majority of the Bank’s residential mortgages were within its designated assessment area in 2010 and 2011 by number at 66.4 percent. Though the majority of small business loans were not within the designated assessment area in 2010 and 2011, there was an upward trend.

Geographic Distribution

Framingham Co-operative Bank’s geographic distribution of loans reflected reasonable distribution throughout the assessment area. The Bank’s performance in 2011 showed an upward trend, with 23.2 percent of residential home loans originated within moderate-income census tracts. In 2011, 10.7 and 21.4 percent of small business loans were made within low-income and moderate-income geographies respectively.

Borrower Characteristics

The distribution of borrowers reflected reasonable penetration among individuals of different income levels (including low- and moderate-income), and businesses of different sizes, given the demographics of the assessment area. In 2011 the Bank originated 21.1 percent of its residential home loans within its assessment area to moderate income borrowers. In addition, 62.5 percent of the Bank's small business loans were to business with gross annual revenues under 1 million.

Response to Complaints

Framingham Co-operative Bank did not receive any CRA-related complaints during the period reviewed.

Community Development Test

The institution is rated "**Satisfactory**" under the Community Development Test. Overall, Framingham Co-operative Bank's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area. The following conclusions support the assigned rating.

Community Development Lending

During the evaluation period, the Bank originated one qualified community development loan totaling \$2.2 million in its assessment area. The loan provided affordable housing and community services in the assessment area.

Community Development Investments

Investments during the review period totaled \$850,768 and consisted of \$502,068 in qualified equity investments and \$348,700 in qualified charitable donations and grants.

Community Development Services

The Bank was adequately involved in community development organizations within its designated assessment area. Officers and employees, as well as Directors, offered their financial expertise to community development organizations providing services primarily to low- and moderate-income individuals and families.

SCOPE OF EXAMINATION

This evaluation was conducted jointly by the Division and the FDIC. Framingham Co-operative Bank's total assets were \$382.2 million as of December 31, 2010 and \$398.5 million as of December 31, 2011. Therefore, this evaluation assesses Framingham Co-operative Bank's CRA performance utilizing the Interagency Intermediate Small Institution ("ISI") Examination Procedures, as established by the Federal Financial Institutions Examination Council. These procedures require two performance tests: the Lending Test and the Community Development Test. The Lending Test is an analysis of the distribution of loans, and the Community Development Test is an evaluation of community development activities since the previous evaluation.

The Lending Test considered the Bank's home mortgage and small business lending activities. The Bank is primarily a commercial lender. The Bank's most recent Report of Condition and Income ("Call Report") dated December 31, 2011 indicated commercial lending represented 50.0 percent and residential lending represented 31.9 percent of the loan portfolio

Data reviewed includes originated home mortgage loans reported on the Bank's Loan Application Registers ("LARs") maintained pursuant to the Home Mortgage Disclosure Act ("HMDA") for full year 2010 and 2011. The LARs contains data about home purchase and home improvement loans, including refinancing, for one-to-four family and multifamily (five or more units) properties. The institution reported 65 loans totaling \$27.3 million in 2010, and 149 loans totaling \$33.6 million in 2011. The Bank's 2010 home mortgage lending performance was compared against 2010 aggregate lending data within the assessment area. Aggregate data includes all financial institutions subject to HMDA which originated at least one home mortgage loan in the Bank's assessment area. The Bank's performance in 2011 was compared to demographics as aggregate data was not yet available for 2011.

Small business loans were also reviewed for the same time period. As an ISI, the Bank has the option of collecting and reporting small business lending data. The Bank opted to collect and report the data. The Bank's records indicated that the institution originated 131 small business loans totaling \$26.0 million in 2010, and 149 small business loans totaling \$29.7 million in 2011.

The Bank's performance in both commercial and residential lending carried equal weight in arriving at overall conclusions based on loan portfolio ratios and the Bank's purposeful increase in HMDA originations during the review period. The Bank has a nominal level of consumer lending activity and has not originated any small farm loans since the prior evaluation; thus, these product lines are not included in the current evaluation.

Although the total dollar amount of loans is discussed under the Lending Test, the evaluation is primarily based on the Bank's lending performance by the number of loans originated or purchased during the review period.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services. The Community Development Test includes all community development activities in which the Bank was involved from February 12, 2009 through April 23, 2012.

The Bank's previous CRA evaluation was conducted by the Division and the FDIC as of February 12, 2009, using ISI Examination Procedures. The evaluation resulted in an overall CRA rating of "Satisfactory."

Demographic information referenced in this evaluation was obtained from the 2000 United States (“U.S.”) Census unless otherwise noted. Financial data about the Bank was obtained from the December 31, 2011 Call Report.

PERFORMANCE CONTEXT

Description of Institution

Framingham Co-operative Bank is a Massachusetts state-chartered, mutual co-operative bank headquartered at 828 Concord Street in Framingham, Massachusetts. The Bank operates a main office, one full-service branch, and a Loan Operations Center, all located in Framingham. The Loan Operations Center is used by the lending staff and for mortgage closings. The main office and the Loan Operations Center are located in the same middle-income census tract, and the branch office is located in a moderate-income census tract. Framingham Co-operative Bank has three wholly-owned subsidiaries: MOECO, Incorporated and ROMECO, Incorporated, which were formed to hold securities; and Cheriton Road, which was formed to hold real estate.

All banking offices are equipped with Automated Teller Machines (“ATMs”). The Bank is a member of the SUM Program, All Points Program, and the NYCE Deposit Sharing Program.

The Bank is a full-service financial institution offering a wide variety of products and services. Savings and checking accounts offered by the Bank include statement savings, passbook savings, ultimate free checking and interest checking accounts. Home financing programs include adjustable- and fixed-rate options for the purchase, refinance, improvement and construction of residential property, and home equity loans. The Bank offers a Community Loan Program to first-time homebuyers as well as a Framingham Connections Loan Program. Automobile loans and collateral loans are also offered. Other services offered by the Bank include online banking and bill payment, 24 hour ATM banking, and telephone banking.

The Bank offers a variety of business banking services. Some of the services offered are: business checking accounts, commercial checking accounts, online banking, remote check deposit service, commercial lines of credit, term loans, Small Business Administration loans, commercial real estate loans, telephone banking, and business debit cards.

As of December 31, 2011, the Bank’s total assets were \$398.5 million. Net loans totaled \$314.3 million, representing 78.9 percent of total assets. Assets increased by \$52.0 million, or 15.0 percent, since December 31, 2008, the Call Report date used for the previous examination. During the same period, net loans increased by \$58.3 million, or 22.8 percent. Table 1 illustrates the current distribution of the Bank’s loan portfolio without consideration of the allowance for loan losses.

Table 1 – Loan Portfolio Distribution as of December 31, 2011		
Loan Type	\$ ('000s)	(%)
Construction, Land Development and other Land Loans	56,279	17.7
1-4 Family Residential	72,923	23.0
Multi-Family (5 or more) Residential	28,497	8.9
Commercial	108,589	34.2
Total Real Estate Loans	266,288	83.8
Commercial and Industrial	50,123	15.8
Consumer	1,610	0.5
Less – Unearned Income	(380)	(0.1)
Total Loans	317,641	100.0

Source: Consolidated Report of Condition and Income (Call Report)

As depicted in Table 1, the Bank's loans are primarily concentrated in commercial real estate; residential real estate; and construction, land development and other land loans.

Framingham Co-operative Bank operates in a competitive market area in terms of financial services. The Bank ranked 34th out of 114 HMDA-reporting lenders, and the vast majority of lenders that ranked higher were either mortgage companies or large national or regional banks.

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's asset size, product offerings, and branch network, its ability to meet the community's credit needs remains strong.

Description of Assessment Area

The CRA requires the designation of one or more assessment areas in which a financial institution's record of helping to meet the credit needs of its community will be evaluated. The Bank has one designated assessment area that conforms to CRA requirements since it consists of whole geographies, does not arbitrarily exclude low- and moderate-income areas, does not extend beyond state boundaries, and does not reflect illegal discrimination. The Bank has not changed its assessment area since the previous CRA evaluation.

Geographies

The Bank's assessment area encompasses the towns of Ashland, Framingham, Holliston, Hopkinton, Natick, Southborough and the city of Marlborough. With the exception of Southborough, the municipalities are located within Middlesex County, which is part of the Cambridge-Newton-Framingham, MA Metropolitan Division ("MD"), # 15764. Southborough is located in Worcester County, which is part of the Worcester, MA Metropolitan Statistical Area ("MSA") # 49340.

The analysis for the Geographic Distribution section of the Lending Test is based on the distribution of loans by income level of census tract, with emphasis on those designated low- and moderate-income. Each census tract is assigned an income level based on the median family income ("MFI") of the tract as compared to the MFI established for the MSA or MD in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent but less than 80 percent of MFI

Middle-Income: At Least 80 percent but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

The assessment area contains 32 census tracts. There is 1 low-income tract; 5 moderate-income tracts; 18 middle-income tracts; and 8 upper-income tracts. The low-income tract is located in Framingham, as are 3 moderate-income tracts. The additional 2 moderate-income tracts are in Marlborough.

According to 2000 U.S. Census data, the population of the assessment area is 185,937. Of the total assessment area population, 5.1 percent reside in the low-income census tract, 14.6 percent reside in moderate-income census tracts, 55.7 percent in middle-income census tracts, and 24.7 percent in upper-income census tracts.

Median Family Income Levels

The analysis under the Borrower Characteristics section of the Lending Test is partially based on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilizes income data from the 2000 U.S. Census for the Cambridge-Newton-Framingham, MA MD and Worcester, MA MSA that was annually adjusted by the Department of Housing and Urban Development for inflation and other economic events. The estimated 2010 and 2011 MFI figures were \$98,700 and \$105,000 for the Cambridge-Newton-Framingham, MA MD, and \$79,900 and \$82,500 for the Worcester, MA MSA.

The analysis of the Bank's home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 2 shows this distribution based on 2000 U.S. Census data.

Table 2 – Number and Percentage of Families by Income Level		
Income Category	2000 Census	
	# of Families	% of Total Families
Low-Income	8,308	17.1
Moderate-Income	8,271	17.0
Middle-Income	11,384	23.4
Upper-Income	20,634	42.5
Total	48,597	100.0

Source: 2000 U.S. Census Data

Table 2 reveals that upper-income families represent the largest portion of total families by a significant margin. The percentages of families that fall into low- and moderate-income categories are very similar. Table 2 highlights the relatively affluent nature of the assessment area.

Housing Characteristics

Table 3 illustrates various housing-related statistics by census tract income level for the Bank's assessment area.

Table 3 – Selected Housing Characteristics by Geography Income Level						
Geography Income Level	Percentage					
	Census Tracts	Families	Housing Units	Owner-Occupied	Rental Units	Vacant Units
Low	3.1	4.3	4.2	1.2	10.4	2.9
Moderate	15.6	13.1	15.4	11.2	23.6	22.5
Middle	56.3	56.2	58.4	58.2	59.0	56.1
Upper	25.0	26.4	22.0	29.4	7.0	18.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census

Table 3 depicts the distribution of owner-occupied housing units by census tract income level. Although 4.2 percent of all housing units are located in low-income geographies, only 1.2 percent of owner-occupied housing units in the assessment area are located in low-income tracts.

Rental units in low-income tracts represent 10.4 percent of all assessment area rental units. The relatively low percentage of owner-occupied housing units in low-income tracts limited the Bank's opportunity to make home mortgage loans in this area.

The median housing value in the assessment area was \$234,710 as of the 2000 U.S. Census. However, more recent housing data obtained from *The Warren Group* reflects higher home values during the review period. Table 4 illustrates median home prices for the municipalities and their respective counties within the assessment area.

Table 4 – Median Home Sales Prices		
City/County	2010	2011
Middlesex County	\$361,271	\$360,000
Ashland	\$304,000	\$285,000
Framingham	\$270,000	\$275,000
Holliston	\$355,325	\$377,500
Hopkinton	\$452,500	\$425,000
Marlborough	\$228,375	\$216,900
Natick	\$380,000	\$387,000
Worcester County	\$195,000	\$183,000
Southborough	\$482,500	\$499,000

Source: The Warren Group

Median home prices in the assessment area were comparable to prices throughout Middlesex County. While there were a limited number of owner occupied housing units in the low- and moderate-income geographies during the review period, it appears homeownership opportunities available in these areas were relatively affordable. The communities in which the low- and moderate income geographies are located, Framingham and Marlborough, have median sales prices below \$300,000.

Southborough is the only town in the assessment area within Worcester County. As shown above, it does not appear to be an accurate representation of the entire county. It contains primarily upper-income geographies with higher than average median home prices.

Unemployment Data

Information on unemployment rates was obtained from the Massachusetts Executive Office of Labor and Workforce Development and The Bureau of Labor and Statistics. The 2010 annual unemployment rates were 8.3 percent for Massachusetts and 7.0 percent for Middlesex County. The municipality breakdown was as follows: 6.0 percent in Ashland, 6.3 percent in Framingham, 6.2 percent in Holliston, 6.4 percent in Hopkinton, 6.7 percent in Marlborough, and 5.7 percent in Natick.

The 2011 annual unemployment rates were 7.4 percent for Massachusetts and 6.0 percent for Middlesex County. The municipality breakdown was as follows: 5.0 percent in Ashland, 5.3 percent in Framingham, 5.6 percent in Holliston, 5.1 percent in Hopkinton, 5.6 percent in Marlborough, and 4.7 percent in Natick. The assessment area unemployment rates were lower than the State and County rates for each year. Additionally, unemployment rates generally decreased from 2010 to 2011. While annual unemployment rates were not yet available for 2012, monthly data indicates that unemployment rates stayed consistent in each municipality.

Southborough had unemployment rates of 6.5 and 4.9 percent in 2010 and 2011. As stated previously, Southborough is the only town in the assessment area within Worcester County and does not appear to be an accurate representation of the entire county.

Business Demographic Data

There were 16,180 non-farm businesses in the assessment area in 2010. In terms of revenues, 75.4 percent of businesses had gross annual revenues of \$1.0 million or less, 5.3 percent had revenues greater than \$1.0 million, and 19.3 percent did not report gross annual revenue information. The distribution of businesses by tract income level is as follows: 2.6 percent were in the low-income tract; 14.1 percent were in moderate-income tracts; 57.9 percent were in middle-income tracts; and 25.5 were in upper-income tracts.

Competition

Framingham Co-operative Bank operates in a highly competitive lending environment. The Bank faces competition from large national and regional banks, mortgage companies, community banks, and credit unions. Residential lending market share reports for 2010 indicate a total of 309 lenders reported 13,357 originations or purchases totaling approximately \$3.8 billion in the assessment area. The top ten home mortgage loan originators consisted of large mortgage companies and national or regional banks. These institutions accounted for 51.5 percent of the market share for the total assessment area.

Competitors operating within the Bank's assessment area include Bank of America, N.A., JPMorgan Chase Bank, N.A., Ally Bank, Wells Fargo Bank, N.A., Sovereign Bank, and Middlesex Savings Bank. Bank management referenced Middlesex Savings Bank, Marlborough Savings Bank, and Avidia Bank as its primary competition.

Community Contact

As part of the evaluation process, third parties active in assessment area community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. For purposes of this evaluation, information provided by one such contact was referenced in preparing this evaluation. The community contact was conducted with a local community development corporation. The organization provides a number of different services including assistance with affordable housing, job training for low-income individuals, health care, and advocating on behalf of disadvantaged individuals in the community.

The contact addressed the need for more affordable residential mortgages, especially affordable First Time Homebuyer products. The individual noted that there are opportunities available for financial institutions to participate in existing affordable housing programs. There is also a need for more outreach to the Spanish and Portuguese speaking minority populations. The contact stated that there is a lack of affordable retail banking options near the low-income census tract in the assessment area as well as within walking distance of downtown Framingham. Lastly, the contact stated that additional financial literacy seminars would benefit the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test considers the Bank's performance pursuant to the following criteria: loan-to-deposit ("LTD") ratio; assessment area concentration; geographic distribution of loans; lending to borrowers of different incomes and businesses of different sizes; and the Bank's record of taking action in response to CRA complaints. Overall, the Bank's performance under the Lending Test is considered "Satisfactory." This rating indicates that Framingham Co-operative Bank's lending performance demonstrates a reasonable responsiveness to the credit needs of the assessment area

Loan-to-Deposit Analysis

Framingham Co-operative Bank's LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio since the prior CRA evaluation was 95.6 percent. The Bank's net LTD ratio as of December 31, 2011 was 103.5 percent, which was higher than any previous quarter used in the analysis. This shows an ongoing willingness to lend.

Growth patterns of loans and deposits were also analyzed to assess the fluctuation in the net LTD ratio. Net loans increased steadily during the review period. Overall, net loans increased by 22.6 percent beginning with the March 31, 2009 Call Report. Total deposits generally increased during the same time frame, resulting in growth of 11.5 percent. As a result of loan growth outpacing deposit growth, the net LTD ratio increased during the review period from 94.1 percent to 103.5 percent.

The Bank's net LTD ratio was compared to the LTD ratios of two other locally-based depository institutions as of December 31, 2011. The institutions selected are headquartered in Middlesex County and have assets between \$300 million and \$500 million. Framingham Co-operative Bank differs from these institutions since it is primarily a commercial lender that does not sell residential real estate loans on the secondary market. The Bank's average quarterly net LTD ratio was higher than the ratios of the other two institutions during the review period. Table 5 presents this comparison.

Table 5 – Net Loan-To-Deposit Comparison		
Institution	Asset Size of as of December 31, 2011 \$(‘000s)	Average Net LTD Ratio 3/31/2009 – 12/31/2011
Framingham Co-operative Bank	398,495	95.6
North Middlesex Savings Bank	329,317	88.1
Eagle Bank	430,415	50.5

Source: March 31, 2009 - December 31, 2011 Call Reports

Comparison of Credit Extended Inside and Outside of the Assessment Area

Overall, the majority of the Bank's residential real estate loans by number were inside the designated assessment area. The majority of the Bank's small business loans by number were outside the designated assessment area. As stated previously, equal weight was placed on

residential and commercial lending performance. The distribution of loans by number bears more weight on the Bank's rating than the distribution by dollar amount, because the number of loans correlates more closely to the number of individuals or businesses that benefitted.

Residential Lending

Framingham Co-operative Bank originated a majority of home mortgage loans by number inside its assessment area in 2010 and 2011. Table 6 portrays the Bank's record of extending home mortgage loans inside and outside the assessment area during the review period.

Table 6 – Distribution of Residential Loans Inside and Outside the Assessment Area										
Year and Loan Purpose	Number of Loans					Dollars in Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
2010										
Purchase	23	76.7	7	23.3	30	6,628	55.9	5,227	44.1	11,855
Home Improvement	8	80.0	2	20.0	10	1,365	67.2	666	32.8	2,031
Refinance	16	64.0	9	36.0	25	3,142	23.5	10,247	76.5	13,389
Subtotal	47	72.3	18	27.7	65	11,135	40.8	16,140	59.2	27,275
2011										
Purchase	14	35.9	25	64.1	39	3,984	22.3	13,923	77.8	17,907
Home Improvement	66	82.5	14	17.5	80	1,433	85.3	248	14.8	1,681
Refinance	15	50.0	15	50.0	30	3,476	24.7	10,580	75.3	14,056
Subtotal	95	63.8	54	36.2	149	8,893	26.4	24,751	73.6	33,644
Total HMDA	142	66.4	72	33.6	214	20,028	32.9	40,891	67.1	60,919

Source: 2010 and 2011 HMDA LARs

As shown in Table 6, the Bank made 66.4 percent of total loans by number inside the assessment area. The Bank significantly increased the number of home mortgage home improvement loans originated in the assessment area in 2011. The growth in loan volume in the assessment area reflects positively on the Bank's performance under this criterion.

Additional analysis of home mortgage loans inside the assessment area by loan purpose was also performed. The Mass Save Heat loan program made a significant impact on the Bank's assessment area lending. The number of home improvement loans in the assessment area increased from 8 in 2010 to 66 in 2011. The Heat loan is a state sponsored program with a 0 percent interest rate to assist with the installation of qualified energy efficient improvements in consumer homes. This is an affordable product the Bank has offered to meet the credit needs of its assessment area.

Framingham Co-operative Bank ranked 48th out of 309 HMDA-reporting lenders in the Bank's assessment area in 2010. In 2010, the Bank ranked 10th out of 59 HMDA-reporting lenders for the home improvement market and captured 2.4 percent of the market share.

Small Business Lending

The Bank made a majority of small business loans by number and dollar amount outside the assessment area during the review period. Table 7 includes real estate secured lines of credit that the Bank originated for the purpose of small business. Table 7 shows the Bank's record of extending small business loans inside and outside the assessment area.

Table 7 – Distribution of Small Business Loans Inside and Outside the Assessment Area										
Year	Number of Loans					Dollars in Loans \$(‘000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
2010	44	33.6	87	66.4	131	6,389	24.6	19,592	75.4	25,981
2011	56	37.6	93	62.4	149	9,842	33.2	19,835	66.8	29,677
Total	100	35.7	180	64.3	280	16,231	29.2	39,427	70.8	55,658

Source: 2010 and 2011 CRA Loan Registers

The Bank originated a majority of small business loans outside the assessment area in 2010 and 2011. As shown in the Table 7, the Bank made 100, or 35.7 percent, of total small business loans inside the assessment area for both years combined. In 2011, the Bank increased both the number and amount of small business loans in the assessment area. The Bank’s volume of small business loans within the assessment area also increased since the last evaluation.

The Bank tracked and reported the origination of real estate secured loans and lines of credit for the purpose of small business. The Bank originated eight of these loans inside its assessment area in both 2010 and 2011. In 2010, the Bank originated four real estate secured loans or lines of credit outside of its assessment area. In 2011, it originated one such loan outside the assessment area.

Bank management indicated there were several targeted marketing campaigns geared toward small businesses within its assessment area during the review period. In addition, the Bank introduced a small business line of credit exclusively offered to businesses within the assessment area. While these efforts resulted in an increase in loans in the assessment, the continued growth of loans outside the assessment area limited the affect on the ratio.

Geographic Distribution

Overall, the geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area. The primary focus of this analysis was to assess the Bank’s loan distribution in its assessment area, with emphasis placed on lending in low- and moderate-income census tracts. As indicated previously, the assessment area contains one low-income census tract and five moderate-income census tracts. The following sections discuss the Bank’s performance under this criterion with regard to each product line.

Home Mortgage Lending

The distribution of the Bank’s home mortgage lending reflects reasonable dispersion throughout the assessment area. Greater emphasis was placed on the Bank’s level of lending within moderate-income census tracts as there were limited residential lending opportunities within the low-income census tract. Table 8 presents the Bank’s home mortgage lending performance by number of loans in 2010 and 2011, as well as the 2010 aggregate market data. It also includes the percentage of owner-occupied housing units for each census tract income level for comparison purposes.

Table 8 – Distribution of Home Mortgage Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Owner- Occupied Housing Units	2010 Aggregate Lending Data (% of #)	Bank 2010		Bank 2011	
		%	#	%	#	%
Low	1.2	0.5	0	0	0	0
Moderate	11.2	7.3	4	8.5	22	23.2
Middle	58.2	55.4	24	51.1	50	52.6
Upper	29.4	36.8	19	40.4	23	24.2
Total	100.0	100.0	47	100.0	95	100.0

Source: 2010 and 2011 HMDA Data, 2000 U.S. Census Data

As stated previously, there was limited lending opportunity within the low-income census tract. Although the Bank did not originate any loans in this geography during the review period, as a comparison, the origination of just one loan in this census tract would result in the Bank exceeding the aggregate's percentage of 0.5 percent. In addition to the low amount of owner occupied housing units, the low-income census tract contains the Massachusetts Correctional Institution – Framingham (MCI). MCI increases the low-income geography population without increasing the lending opportunities within the geography.

In 2010, the Bank's lending within the moderate-income tracts at 8.5 percent was greater than aggregate lending at 7.3 percent. The Bank's performance increased notably in 2011, with 23.2 percent of loans within the moderate-income census tracts. By number, the Bank increased the volume of loans in moderate-income geographies from 2010 by five times. The increase was a result of offering the Mass Save Heat loan and increased volume in multi-family loans within moderate-income tracts in 2011. Framingham Co-operative Bank's performance within moderate-income geographies in 2011 was also greater than the percentage of total owner-occupied housing units (11.2 percent). A review of the distribution of home mortgage loans by dollar amount did not reveal any additional information that would affect conclusions.

Small Business Lending

The geographic distribution of the Bank's small business loans reflects reasonable distribution throughout the assessment area. Table 9 illustrates the Bank's small business lending activity in 2010 and 2011 by census tract income level, as well as the breakdown of businesses for comparison purposes.

Table 9 – Distribution of Small Business Loans by Census Tract Income Level					
Census Tract Income Level	% of Businesses	Bank 2010		Bank 2011	
		#	%	#	%
Low	2.6	4	9.1	6	10.7
Moderate	14.1	13	29.6	12	21.4
Middle	57.9	20	45.4	30	53.6
Upper	25.4	7	15.9	8	14.3
Total	100.0	44	100.0	56	100.0

Source: 2010 and 2011 CRA Loan Registers; D&B 2010 Business Data

In 2010, the Bank's lending within low-income geographies by number at 9.1 percent was more than three times the percentage of businesses in low-income geographies at 2.6 percent. The Bank improved its performance in 2011, with 10.7 percent of small business loans made within low-income geographies. This reflects positively on the Bank's rating in this performance factor.

In 2010, the Bank's lending within moderate-income geographies by number at 29.6 percent was greater than the percentage of businesses in moderate-income geographies at 14.1 percent. The Bank's performance decreased slightly in 2011, with 21.4 percent of small business loans made within moderate-income geographies. Although the percentage was lower in 2011, the number of loans only decreased by one. The Bank's small business lending increased overall in the assessment area from 2010 to 2011. This likely resulted from increased marketing efforts and the introduction of a small business line of credit to assessment area businesses.

Table 9 includes real estate secured loans for the purpose of small business. In 2010, the Bank originated one such loan in the low-income tract, six in moderate-income tracts, and one in an upper-income census tract. In 2011, the Bank originated five of these loans in the moderate-income tracts and three loans in the middle-income tracts. In each year, the majority of real estate secured loans for small business purposes were originated in low- or moderate-income geographies. The analysis of this loan type confirmed the Bank's reasonable performance for this criterion.

Borrower Characteristics

Overall, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The overall conclusion is based on the reasonable distribution of home mortgage loans to low- and moderate-income individuals, and the Bank's reasonable performance in lending to businesses with gross annual revenues under \$1 million. The following sections discuss the Bank's performance under this criterion with regard to each product line.

Home Mortgage Lending

The Bank's home mortgage lending by borrower income level is reasonable. Table 10 shows the Bank's loans by borrower income level in 2010 and 2011. Table 10 also includes the distribution of families by income level and the aggregate market data for 2010 for comparison purposes.

Table 10 – Distribution of Home Mortgage Loans by Borrower Income						
Family Income Level	% Total Families	2010 Aggregate Lending Data (% of #)	Bank 2010		Bank 2011	
		%	#	%	#	%
Low	17.1	8.9	1	2.1	6	6.3
Moderate	17.0	19.1	6	12.8	20	21.1
Middle	23.4	25.2	6	12.8	20	21.1
Upper	42.5	32.4	14	29.8	32	33.7
NA	0.0	14.3	20	42.5	17	17.8
Total	100.0	100.0	47	100.0	95	100.0

Source: 2000 U.S. Census, 2010 and 2011 HMDA LAR, 2010 HMDA Aggregate Data

The Bank originated 2.1 percent and 6.3 percent of all assessment area loans to low-income borrowers in 2010 and 2011, respectively. The Bank's performance in 2010 was lower than the aggregate's performance; however, in 2011 the Bank increased both the number and percentage of loans. Although the Bank's percentage of loans to low-income borrowers was less than the 17.1 percent of families that were low-income, a significant portion of these families would likely not qualify for a home mortgage loan. There were 21.4 percent of the area's low-income families that were below the poverty level according to the 2000 U.S. Census.

The Bank originated 12.8 percent and 21.1 percent of its loans to moderate-income borrowers in 2010 and 2011, respectively. The Bank's percentage in 2010 was lower than the aggregate's 19.1 percent; however 2011, shows an upward trend at 21.1 percent. The Bank's lending to moderate-income borrowers in 2011 was also greater than the percentage of moderate-income families at 17.0 percent in the assessment area. The Bank's performance is reasonable based on comparisons to aggregate data and demographic data.

Small Business Lending

The distribution of the Bank's small business loans by gross annual revenues and loan size is reasonable. Table 11 illustrates the number of the Bank's small business loans in the assessment area by level of gross annual revenues ("GARs"). Table 11 also shows the percentage of total businesses in the assessment area by level of GARs for comparison purposes.

Table 11 – Distribution of Small Business Loans by GARs of Business					
GAR \$(000s)	% of Total Businesses	Bank 2010		Bank 2011	
		#	%	#	%
≤ \$1,000	75.4	29	65.9	35	62.5
> \$1,000 or N/A	24.6	15	34.1	21	37.5
Total	100.0	44	100.0	56	100.0

Source: 2010 and 2011 CRA Loan Registers; D&B 2010 Business Data

In 2010, the Bank extended 65.9 percent of its small business loans inside the assessment area to businesses with GARs of \$1 million or less. Although the Bank's performance was less than the percentage of total businesses in the assessment area with GARs of \$1 million or less, the Bank made a majority of small business loans in each year to small businesses. In 2011, there was a slight decrease in percentage, nevertheless there was an increase in overall volume.

Table 11 includes residential real estate secured loans for small business purposes. In 2010, all eight of these loans in the assessment area were made to businesses with GARs of \$1 million or less. In 2011, seven of the eight loans in the assessment area were made to businesses with GARs of \$1 million or less. The Bank's performance under this criterion was enhanced by the inclusion of real estate secured loans for small business purposes.

The loans to businesses with GARs of \$1 million or less within the Bank's assessment area were further analyzed to determine the typical loan amount at origination. This analysis is based on the supposition that loans of smaller amounts are most likely made to very small businesses. Thus, it is viewed favorably when banks have a high percentage of loans made in amounts of less than \$100,000. This represents an adequate level of lending to small businesses. Table 12 illustrates the Bank's small business loans by loan amount.

Table 12 – Distribution of Small Business Loans by Loan Size				
Loan Amount \$('000s)	Bank 2010		Bank 2011	
	#	%	#	%
< \$100	17	58.6	25	71.4
≥\$100 < \$250	6	20.7	7	20.0
≥\$250 ≤ \$1,000	6	20.7	3	8.6
Total	29	100.0	35	100.0

Source: 2010 and 2011 CRA Loan Registers

As Table 12 indicates, 58.6 percent and 71.4 percent of the Bank's loans to small businesses in the assessment area in 2010 and 2011, respectively, were for amounts less than \$100,000. These percentages demonstrate the Bank was committed to meeting the credit needs of small businesses in the assessment area. The Bank's record of extending small loans to businesses reflects reasonable performance in meeting the credit needs of small businesses in the Bank's assessment area.

Response to CRA Complaints

The Bank did not receive any CRA-related complaints during the evaluation period. It was noted that the Bank maintains adequate procedures to handle all incoming complaints, including those relating to its CRA performance.

COMMUNITY DEVELOPMENT TEST

Overall, Framingham Co-operative Bank's community development performance was adequate related to the community development needs of its assessment area. The Bank helped meet community development needs within its assessment area through community development loans, qualified investments and grants, and community development services.

Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

The level of the Bank's community development lending is adequate. During the period under review, the Bank made one qualified community development loan totaling approximately \$2.2 million. In 2009, Framingham Co-operative Bank participated with another financial institution for a commercial real estate loan totaling \$5,737,000. The Bank's portion of the participation loan totaled \$2,200,000. The loan was granted to a not-for-profit social service organization located in Framingham for the purpose of consolidating multiple mortgages used to finance affordable housing and community services targeted to low- and moderate-income individuals.

The organization provides a variety of services, including community outreach and education, family and nutrition, mental health and substance abuse, housing and homeless services, energy and financial assistance, and economic development assistance. These services are primarily targeted to low- and moderate-income families and individuals.

Furthermore, the Bank participates in loan programs that have community development as its primary purpose, yet the loans originated under these programs have already been reported by the Bank for consideration under the Lending Test. The Bank offers a Small Business Line of Credit Program for small businesses in its assessment area. During the evaluation period, the Bank opened 7 lines of credit totaling \$145,000. Framingham Cooperative Bank is also an approved SBA Lender. The Bank originated 32 SBA loans totaling approximately \$5.8 million during the review period.

Community Development Investments

A qualified investment, for the purposes of this CRA evaluation, is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose.

The level of the Bank's community development investments is adequate overall. Total qualified investments for this evaluation period were \$850,768. This figure includes the current book value of an existing qualified investment, as well as grants made to qualified organizations during the time period of the examination.

Qualified Equity Investments

The Bank continues to hold an investment made in July 2004, in the *Access Capital Strategies Community Investment Fund, Inc.*, a SEC-registered fund structured as a business development company. As of December 31, 2011, the book value of the Bank's investment was \$502,068. The amount of this investment represents 0.8 percent of the Bank's total investment portfolio at year-end 2011. The primary purpose of the fund is to invest in private placement debt securities designed to support community development activities, such as affordable housing, education, and small business lending targeted toward low- and moderate-income geographies specified by the investing institution.

The fund invests primarily in single- and multi-family housing mortgage backed securities and other credit enhanced securities that are made up of CRA loans. The fund also occasionally invests in CRA eligible securities that meet the appropriate credit, return, and geographic requirements. Framingham Co-operative Bank has designated four low- and moderate-income census tracts in Framingham as its target geographies.

Qualified Grant Investments

Total qualified donations during this evaluation amounted to \$348,700. This amount represents 56.7 percent of the Bank's total donations. Annual levels of qualified donations were \$140,400 in 2009, \$94,800 in 2010, and \$113,500 in 2011. Grants in this range demonstrate a good level of commitment to the assessment area. The amount of total qualified donations for the evaluation period is consistent with the amount the Bank made during its last public evaluation when it made \$349,530 in qualified donations.

All of the Bank's donations were made through the Framingham Co-operative Bank Charitable Foundation, a 501(c)(3) tax exempt charitable corporation, established in June 1998. The foundation was created as a means of addressing the larger requests for donations and/or multi-year commitments in support of various charitable, educational, and civic purposes in the greater Framingham area. The foundation was initially funded with the sale of \$1.5 million in highly appreciated equity securities. Funds are periodically replenished in the same manner. The foundation maintains its own Board of Directors that meets quarterly to review and approve grant requests.

The Bank's qualified donations include numerous grants to area non-profit organizations that help meet the needs of low- and moderate-income families and individuals by providing services such as affordable housing, health care, family support and counseling, food pantries, and childcare services. Some of the organizations include:

MetroWest Legal Services – provides legal advocacy to protect and advance the rights of the poor, elderly, disabled and other disenfranchised people in their service area and assists them in obtaining legal, social and economic justice. They help their clients secure access to basic needs and challenge institutional barriers in order to achieve equal justice for all. The majority of MetroWest Legal Services clients are low- or moderate-income individuals and families.

Project Just Because – a non-profit charity that helps low to moderate-income families throughout Massachusetts. They run 19 different programs throughout the year providing items such as clothing, school supplies, basic toys, toiletries and small household items.

Resiliency for Life – a voluntary intervention and prevention program that develops skills and confidence in students experiencing social difficulties and who are at risk of academic failure in Framingham. The program is free to students and primarily assists students from low- and moderate-income households.

Programs for People – an independent, self-supporting agency founded in 1973 to enable adults recovering from mental illness to achieve success in life. Its services are comprehensively designed to teach coping skills, promote symptom relief, build healthy relationships with family and friends, and to assist those served to prepare for, obtain, and maintain employment. They primarily serve low- and moderate-income individuals.

A Place to Turn – an organization committed to providing emergency food and clothing to individuals who live in the Metrowest community. The founders were among the first to recognize that economic hardship exists in the suburbs and is not exclusively an urban problem. Services are primarily targeted to low and moderate-income individuals and families.

Community Development Services

The CRA defines a community development service as an activity having community development as its primary purpose and related to the provision of financial services. Overall, the Bank's qualified community development services demonstrate an adequate level of dedication to assisting organizations in providing services to low- and moderate-income residents of the assessment area.

Framingham Co-operative Bank provides a wide range of community development services that have resulted in access to financial education for the community, increased awareness of community needs, and contributions to the overall revitalization of the communities served. The Bank's officers and staff members provide qualified services, in the form of financial or other bank-related expertise, to a number of area organizations. The following are examples of how the Bank's participation with various organizations has benefited the community.

Framingham Downtown Renaissance, Inc. – a non-profit corporation that was set up to facilitate the development of downtown Framingham as a vibrant commercial and residential/mixed-use activity center. Its objectives are to encourage public/private partnership and investment, generate jobs and income, and improve quality of life at a location that is highly visible and critically important to the MetroWest region. Downtown Framingham is located in a low-income census tract. The Bank's Assistant Vice President of Commercial Lending is the Treasurer.

The United Way of Tri-County – a community building organization that raises funds, connects volunteers, strengthens agencies, teaches social responsibility, and meets the critical needs of the community. They help fund programs such as after school programs, affordable day care, job training, transportation for the elderly and even basic needs like food and shelter. These community services primarily benefit low- and moderate-income individuals. The Chairman of the Board is a Director and Executive Committee member.

Bethany Hill School – an educational housing program for low-income adults and children sponsored by the Sisters of St. Joseph of Boston. It requires involvement in education and/or training as a condition of residency and provides meaningful in-house programming and support to enable residents to meet this requirement. The Bank's Commercial Real Estate Assistant is a member of the Board of Trustees.

Boys & Girls Clubs of MetroWest – an organization that provides social, educational, physical and cultural programming for boys and girls in the MetroWest area regardless of ability to pay. The intent of these programs is to enhance the development of children and to prepare young adults to be responsible and productive members of the community. The organization's community services primarily benefit low- and moderate-income individuals. The Business Development Officer is a member of the Board of Directors.

Framingham State University Foundation – a foundation that raises and manages private gifts on behalf of the university. They fund need-based scholarships and work-study programs to low- and moderate-income students. The President and CEO is on the Board of Directors.

Holliston Affordable Housing Trust – An organization responsible for overseeing funding of affordable housing projects in cooperation with the Holliston Affordable Housing Committee. A Commercial Real Estate Officer of the bank is a member of the trust.

Framingham Fair Housing Committee – A group of individuals, appointed by the Board of Selectmen, whose mission is to promote fair and open access to housing opportunities for all individuals in the community. The Fair Housing Committee accomplishes this through study of issues, public education, and advocacy. These efforts are primarily geared towards providing housing opportunities for low- and moderate-income individuals. The Vice President of Residential Lending is on the committee.

Washington Gateway Main Street Inc. – a business development and neighborhood improvement organization whose mission is to develop and sustain the economic vitality of the commercial and residential neighborhoods along Washington Street in the South End and Lower Roxbury. The organization has renovated historic buildings and helped build new market-rate loft apartments, mixed-income developments, trendy new shops, and affordable housing projects. The Assistant Vice President of Commercial Lending is the Treasurer. Although located outside of the Bank's assessment area, this service meets a critical community development need within the state.

Financial Literacy and Educational Services

Since 2009, the Bank annually teaches financial literacy classes at the Ashland High School. The classes covered topics ranging from the different types of bank accounts, aspects of developing good credit, the importance of protecting your identity, and benefits and costs of credit, and types of retirement accounts.

In 2009, the Bank collaborated with Homeowner Options for Massachusetts Elders (H.O.M.E.) on a seminar on reverse mortgages for seniors at The Callahan Senior Center in Framingham. Topics covered included: legal requirements to obtain a reverse mortgage, the importance of counseling agencies, how they work, and issues of concern regarding reverse mortgages.

In 2009, the Bank participated in the Credit for Life Fair at Massasoit Community College. The Fair teaches students the basics of housing, employment, transportation, insurance and credit.

In 2011, the Bank spent a day at McAuliffe Regional Charter School talking about financial literacy to the middle school students. Topics included the different types of bank accounts, how checks work, online banking, the importance of saving, and identity theft.

In 2011, the Bank led local students on a tour of the Lincoln Street branch and discussed bank etiquette, interest rates, and how to open an account.

Other Community Services

In 2011, the Bank volunteered to service Framingham's current and future monthly Community Development Block Grant Rehabilitation loan payments at no cost. The Bank's collaboration with the town on the complex process would help save the town considerable cost and effort which in turn allows the town to reinvest the saved funds back into the program. The express purpose of this program is to provide diverse and affordable housing to low- and moderate-income individuals and households.

The Bank participates in the Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

The Bank participates in the Interest on Lawyers' Trust Accounts (IOLTA). Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. The Bank contributed \$7,761 in interest for 2009, \$12,506 for 2010, and \$7,505 for 2011 for a total of \$27,772. Because the Bank goes above and beyond by paying an interest rate of at least 1.0 percent, it has been named a Leadership Institution by the IOLTA Committee.

In 2011, MetroWest Legal Services honored the Bank's Chairman of the Board with the Community Partner Award for the Bank's Foundation's lifetime support of that organization. The United Way of Tri-County also presented the Chairman with a Lifetime Achievement Award for his service through the Bank's Foundation.

APPENDIX A
Massachusetts Division of Banks
Fair Lending Policies and Procedures

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

The Bank has a written Fair Lending Policy which supports the fair lending process through fair, but flexible lending policies. All employees are provided with training appropriate to their job description and responsibilities in fair lending issues. The Bank makes exceptions to the loan policy and employs a second review process.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 185,937 individuals of which 15.2 percent are minorities. The assessment areas minority and ethnic population is 2.5 percent Black/African American, 3.9 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 5.9 percent Hispanic or Latino and 2.8 percent other.

For 2010 and 2011, the Bank received 195 HMDA reportable loan applications from within its assessment area. Of these applications, 9 or 4.6 percent were received from minority applicants, of which 7 or 77.8 percent resulted in originations. For the same time period, the Bank also received 9 applications from ethnic groups of Hispanic origin within its assessment area of which 3 or 33.3 percent were originated.

Table 13: MINORITY APPLICATION FLOW								
RACE	Bank 2010		2010 Aggregate Data		Bank 2011		Bank TOTAL	
	#	%	#	%	#	%	#	%
American Indian/ Alaska Native	0	0.0	17	0.1	0	0.0	0	0.0
Asian	1	1.5	1,155	6.8	3	2.3	4	2.0
Black/ African American	1	1.5	174	1.0	0	0.0	1	0.5
Hawaiian/Pac Isl.	0	0.0	16	0.1	0	0.0	0	0.0
2 or more Minority	0	0.0	5	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	1	1.5	231	1.4	3	2.3	4	2.1
Total Minority	3	4.5	1,598	9.4	6	4.6	9	4.6
White	48	72.8	11,752	69.1	93	72.1	141	72.3
Race Not Available	15	22.7	3,663	21.5	30	23.3	45	23.1
Total	66	100.0	17,013	100.0	129	100.0	195	100.0
ETHNICITY								
Hispanic or Latino	1	1.5	327	1.9	8	6.2	9	4.6
Not Hispanic or Latino	49	74.3	12,851	75.5	87	67.4	136	69.8
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	145	0.9	0	0.0	0	0.0
Ethnicity Not Available	16	24.2	3,690	21.7	34	26.4	50	25.6
Total	66	100.0	17,013	100.0	129	100.0	195	100.0

Source: 2010 and 2011 HMDA/ LAR, 2010 HMDA Aggregate Data

The Bank's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2010. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

The Bank's performance was lower than the 2010 aggregate's performance level for minority applicants. The Bank received 4.5 percent for minorities while the aggregate was 9.4 percent. The Bank's performance was consistent with the 2010 aggregates' performance for ethnic minorities. The Bank received 1.5 percent while the aggregate received 1.9 percent for ethnic minorities. It should be noted that the Bank did see an increase in applications to 6.2 percent from ethnic minorities in 2011.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one has incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (“HUD”) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income. These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 828 Concord Street, Framingham, MA 01701."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.